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The *Welsh Economic Review* is produced twice yearly, by the Welsh Economy Research Unit (WERU) at Cardiff Business School. The aim of the *Review* is to provide an authoritative and objective analysis of the Welsh economy in a manner that promotes understanding and informs decision-making. The 'core' section of the *Review* is written by members of WERU, with feature articles contributed by academics or practitioners within or outside Wales. The *Review* is circulated widely within Wales, to both private and public sector organisations, including the education sector and the National Assembly.

#### **Notes for Contributors**

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# "Every Last Drop": Getting the Most out of the Voluntary Sector in Wales

Gary Foreman, Partnership Manager, Penywaun Enterprise Partnership

*At the Aberflyhalf funfair, a scrawny individual rises to the strongman's challenge to extract another drop of juice from a pulverised half of orange just squeezed beyond recognition. To the astonishment of the strongman, the insignificant looking character produces a whole tumbler full of rich orange juice. "Amazing," exclaims, the strongman, "Who are you?" "Ah," comes the modest reply, "I'm a Voluntary Sector Manager."*

A fiction, perhaps, yet my experience in recent years is that astute management of resources is as keen an issue throughout the voluntary sector (or third sector), if not more keen than in the public or private sectors. Business acumen has become an essential requirement for leaders of voluntary sector organisations. Moreover, the infrastructure, both within individual organisations and throughout the diverse sector as a whole, is responding to challenges to organise itself according to type, speciality or, if one prefers, market niche and unique selling points.

This is not a sell-out of third sector values to some capitalist creed, but yet another demonstration of the ability and flexibility of the sector to respond to political and economic forces in order to fulfil its role and mission within local communities and society at large.

Such a trend may also have resulted from the necessity for the third sector to help people recognise, understand and appreciate it in economic and monetary terms. However, one key characteristic of the sector is that its impacts often transcend economics. The purpose of this article is to describe the contribution of the voluntary sector to the Welsh economy and to economic and social regeneration more broadly.

## The economic contribution of the voluntary sector in Wales

The Wales Council for Voluntary Action (WCVA, 1999) have estimated the size and scope of the sector in Wales and reported the following:

- The annual income of the voluntary sector in Wales is estimated at £570 million (1997/98 figures), equivalent to 2.2% of the Gross Domestic Product (GDP) of Wales.
- 7,200 voluntary organisations are registered charities specific to Wales, with an income of over £200 million.
- Over 1.9 million people, or 80%, of the adult population in Wales contribute an average of nearly four hours a week of voluntary time.
- Of these, 1.1 million are formal volunteers, while 1.7 million are informal volunteers assisting neighbours and their communities outside formal organisations.
- The WCVA estimate all voluntary effort in Wales to be worth around £3.4bn (equivalent to 15% of Welsh GDP); equal to education, social work and the health services together.
- The sector employs nearly 13,000 people of which over 6,300 are full-time and around 6,500 are part-time.

The degree of leverage achieved within the voluntary sector is even more noteworthy. Excluding Housing Associations, and including the value of

volunteering, voluntary organisations contribute an equivalent of £40 for every £1 of statutory funding; an impressive return on investment. Pound for pound, few sectors produce this percentage of return (WCVA, 1999).

The Penywaun Enterprise Partnership operates in Rhondda Cynon Taff where recent research has shown that the voluntary sector has the following characteristics:

- Total third sector income in the county in the year 2000 amounted to an estimated £45 million (equivalent to £185 per head of population).
- The sector currently employs 700 full time staff and 1900 part-time staff, (representing 1300 full-time equivalents), and involves 16,000 volunteers, 8,000 trustees, and 130 trainees.
- Over 120,000 hours of volunteering takes place per week in the county.
- This combined voluntary input amounts to an estimated £55 million per annum, or over £1 million per week.
- The combined voluntary effort across all sectors (including informal volunteering outside formal groups and organisations) amounts to an estimated £250 million per annum, or over £5 million per week (WCVA, Interlink and National Lottery Charities Board).

Wales can boast a vibrant and dynamic voluntary and community sector consisting of over 18,000 different organised groups. Table 1 illustrates that the sector is a major service provider in health and social care, leisure and recreation, play and youth work, education and lifelong learning, advice and information, environment, arts, housing, economic and community development, community safety and criminal justice, heritage and animal welfare, with a high degree of penetration at the local level.

## Measuring Wider Impacts of the Sector

Less easy to measure, but also significant is the sector's contribution to the quality of life in Wales through its spectrum of activities.

Values once taken for granted in many Welsh communities, such as concern for the well-being of individuals, neighbours and the environment, are perpetuated by local voluntary sector organisations, and this role is achieving greater recognition by policy makers.

This is evidenced by the plethora of political initiatives acknowledging the importance of grass-roots consultation, and highlighting the example of the voluntary sector where the principle and relevance of democracy is evergreen. For example, the National Assembly for Wales recently acknowledged that *"Voluntary action plays a central role in our modern pluralistic society and enhances the democratic process"* (Compact between the Government and the Voluntary Sector in Wales, 1998). The sector is increasingly being



**Table 1: Classification of work of voluntary sector organisations in Wales (based on the entries to date in WCVA's All Wales database of voluntary organisations)**

WCVA 'forum' heading	Vol orgs in Wales *	Number by area**		
		National	Regional	Local
Arts	1673	110	144	1391
Benevolent organisations	2370	66	109	2168
Children and families	2351	79	155	1999
Community	3083	32	44	2975
Disability	1487	94	197	1077
Environment	1200	69	120	888
Gender	1502	35	61	1391
Health and social care	2478	127	297	1946
Religion	1002	29	59	895
Sport and Recreation	4605	119	204	4278
Youth	1767	70	112	1520
International/emergency aid	615	64	29	520
Others***	2450	255	289	1617
<b>OVERALL (entries in database)</b>	<b>18837</b>	<b>563</b>	<b>1072</b>	<b>16606</b>

\* Many organisations fall into more than one classification group

\*\* Excludes sub offices and projects

\*\*\* Others include voluntary organisations in the field of animal welfare advice, housing, employment, education and training, ethnic minorities, intermediaries, criminal justice.

Source: WCVA

recognised as a crucial channel for community consultation, involvement in decision making and the general welfare of an area.

The voluntary sector embraces the ideal of enabling individuals to fulfil their potential. Readers may have first-hand experience of how voluntary organisations build up the confidence of individuals, groups and communities. The sector readily offers people opportunities and encouragement to engage with learning and activities, and can be a seedbed for entrepreneurialism and innovation. Prominent business leaders and sporting personalities often recount the first chances (and second and third) offered in the local youth club.

Such 'customer service' applies throughout the sector and is a winning factor in its achievements. In socially disadvantaged communities in particular, the voluntary sector can be key to breaking down barriers and building up relationships by enhancing the capacity of both users and providers.

Policy monitoring, implementation and evaluation should also be counted among the intangible impacts of the voluntary sector, and proper account taken of the sector's capacity to work and network in order to produce social capital and maintain social anchorage.

Networking, perhaps, is a 'tired' word nowadays. Nevertheless, an inherent feature of the voluntary sector, of immense value to individuals and the country as a whole, is its function as an 'information exchange'. Across the diversity of organisations which characterise the voluntary sector, information is continually being gathered, processed and disseminated. As the sector engages with the information society or the new economy (with its complex networks, customer focus, emphasis on service quality and competitive nature), the capability of voluntary organisations, not just to move information around existing channels, but actively to exploit information flows and to innovate around these, will be crucial.

Most obvious and most undervalued is the worth of volunteering itself. Full employment may be a necessary goal, but amidst globalisation, technological advances, and increasing labour market fluctuations, its realisation remains elusive. Meanwhile, the voluntary sector steadfastly provides a range of services which involve both volunteers and beneficiaries in worthwhile occupations.

The concept of social auditing is a live issue both for those inside and outside the third sector, so that these types of activities can be given an economic value. There has been progress in this respect in seeking to identify a broader

range of performance indicators in fields such as informal learning and community regeneration. However difficult it may be for practitioners and researchers to find a common language or currency, this is an expertise that should be urgently explored.

## Conclusion

If the voluntary sector is as effective as the evidence suggests, then Wales will want to get every last drop out of it. This means that key issues affecting the sector must be addressed for its benefits to be sustained, and its future secured.

One fundamental issue is the status of volunteering and of community sector groups in the policy framework and partnerships in general. The words, "and the voluntary sector" often appear as an afterthought in partnership strategies. The order of words is secondary. It is where the sector features in agencies' plans that matters more. The 'third-third-third' principle, whereby the voluntary sector has equal representation in key fora alongside the public and private sectors, is being promoted by the Assembly. However, some partnerships are slow to realise the value of this principle and to put it into practice where it is reasonably practicable.

Third sector is not third class. Political initiatives such as the Voluntary Sector Compact with the National Assembly for

Wales, "Communities First" and "Best Value" within Local Authorities provide some grounds for optimism within the voluntary sector, allowing voluntary sector organisations to act, and be treated, as equals alongside other sectors. Nevertheless, the sector will remain vigilant and ensure that the goodwill and significant achievements of its members are properly valued and not taken for granted.

Critical to this is the need for strategic funding methodologies. Much of the funding received by voluntary sector organisations is short-term, with

optimistic assumptions being made about the longer-term sustainability of projects. Even many of the so-called advanced and established groups and projects are undermined by fragile and uncertain funding sources. Much time is spent making repeated bids for funding from different agencies to ensure that work can be continued. This is damaging to the continuity of the service and causes anxieties for both its users and its staff.

The evidence presented here has demonstrated the contribution of the voluntary sector to the Welsh economy.

Improved measuring and monitoring techniques could reveal even greater worth and potential. However, the sector needs a supportive environment in which to flourish, and its capacity to carry out its functions cannot be optimised without support to develop the sector's resource base. Returning to the beginning, who knows what could be done with a whole orangery?

### References:

WCVA (1999) *The Voluntary Sector Almanac*, Wales Council for Voluntary Action: Cardiff.